

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6183

BILL NUMBER: HB 1029

NOTE PREPARED: Nov 13, 2002

BILL AMENDED:

SUBJECT: Appropriation of local riverboat revenues.

FIRST AUTHOR: Rep. Smith V

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: Local

Summary of Legislation: The bill requires the Gary City Council to consider separately each proposed capital project that is financed by riverboat money pledged to bonds, leases, or other obligations. The bill also requires the Gary City Council to pass a separate ordinance appropriating riverboat money for each capital project that is financed by riverboat money pledged to bonds, leases, or other obligations.

Effective Date: July 1, 2003.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The bill could potentially increase the overall cost to Gary of issuing bonds for capital projects when the bonds are backed by revenue from Riverboat Admissions or Wagering taxes, or from local incentive payments made to Gary from the riverboat casinos. Total bond issuance costs to Gary would likely increase if the city utilized more than one bond issue to finance several capital projects instead of financing the projects with a single bond issue. The extent of this impact is unknown.

Background: The bill does not require a separate bond issue for each capital project financed by riverboat revenue. However, the bill does require that (1) each capital project financed by riverboat revenue be considered separately and (2) riverboat revenue tax money pledged to bonds be appropriated separately for each project. These requirements could lead to multiple bond issues if some projects are approved by the Gary City Council rather quickly, and others are delayed in deliberation for one reason or another. Issuance costs associated with the planning and sale of a bond issue typically include financial advisor and bond

counsel fees, printing and advertising costs, rating agency fees, and other expenses incurred in marketing a bond issue. While these bond issuance costs do not vary with the monetary value of the bond issue, they are incurred for each separate bond issue that is executed. Consequently, a city would incur higher total issuance costs by executing two separate bond issues to finance five capital projects than if the city executed a single bond issue to finance those same five capital projects.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: City of Gary.

Information Sources:

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